

ST. CHARLES PARISH CLERK OF COURT
Hahnville, Louisiana

FINANCIAL REPORT

For the Year Ended June 30, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date FEB 19 2014

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Carr, Riggs & Ingram, LLC
3501 North Causeway Boulevard
Suite 810
Metairie, Louisiana 70002

(504) 837-9116
(504) 837-0123 (fax)
www.cricpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Lance Marino
St. Charles Parish Clerk of Court
Hahnville, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the St. Charles Parish Clerk of Court (the "Clerk of Court") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the Clerk of Court as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-7), the budgetary comparison information (pages 30-31), and the Schedule of Funding Progress (page 32) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Carr, Riggs & Ingram, LLC

December 16, 2013
Metairie, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the St. Charles Parish Clerk of Court's (the "Clerk of Court") financial report presents our discussion and analysis of the Clerk of Court's financial performance during the year that ended on June 30, 2013. Please read it in conjunction with the Clerk of Court's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net assets of government-wide activities decreased by approximately \$285,000 or about 81%.
- The assets of the Clerk of Court exceeded its liabilities by approximately \$66,000 at June 30, 2013. Of this amount, approximately \$86,000 is invested in capital assets net of related debt. The Clerk of Court has an unrestricted net position deficit of approximately \$20,000 in governmental activities.
- During the year, the Clerk of Court had expenses of \$2,304,887, which was \$288,853 more than the \$2,016,034 of revenue generated by governmental programs during the year. This contrasts to the prior year, when revenues exceeded expenses by \$69,804.
- Governmental funds reported an ending fund balance of \$546,514, which is a \$36,128 decrease from the prior year ending net asset balance of \$582,642.
- Total governmental fund revenues were \$2,020,065 in the current year, a decrease of \$5,491 from prior year revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic financial Statements, and Required Supplementary Information. The Basic financial Statements include two kinds of statements that present different views of the Clerk of Court.

The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the Clerk of Court's overall financial status.

The remaining statements are Fund Financial Statements that focus on individual funds of the Clerk of Court, reporting the Clerk of Court's operations in more detail than the Government-Wide Statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements report information about the Clerk of Court as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Assets includes all of the Clerk of Court's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-Wide Statements report the Clerk of Court's net assets and how they have changed. The balance of net assets is an indicator of the financial well-being of the Clerk of Court. Increases and decreases in net assets are an indicator of whether its financial health is improving or declining.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the Clerk of Court's most significant funds – not the entity as a whole. Funds are accounting devices that governments use to keep track of specific sources of funding and spending for particular purposes. The Clerk of Court has one governmental fund, the General Fund, to account for the numerous funding sources provided annually and is presented individually in the financial statements. These statements report governmental activities on a more current basis rather than a long-term basis, indicating sources and uses of funding and resources available for spending in future periods. Governmental fund financial statements focus on how money flows in and out of those funds, the balances that are left at year-end, and the amount available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements are reconciled in the fund financial statements.

The Clerk of Court is the trustee, or fiduciary, for funds reserved by the Court as well as for Advanced Costs collected for court costs. All of these fiduciary activities are reported in a separate Statement of Assets and Liabilities. We exclude these activities from the other financial statements because the Clerk of Court cannot use these assets to finance its operations. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information. The Budgetary Comparison Schedule reports the original and final amended budget adopted by the Clerk of Court as well as the actual activities and how they compare to the final budgeted numbers.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets of the Clerk of Court exceeded its liabilities by approximately \$66,000 at June 30, 2013. Approximately \$20,000 of net position is an unrestricted deficit with approximately another \$86,000 consisting of investment in capital assets. The Clerk of Court uses these capital assets, which consist entirely of furniture and equipment, as part of its daily operations. Consequently, these assets are not available for future spending. The following table reflects condensed information on the Clerk of Court's net assets:

| | 6/30/2012 | 6/30/2013 | Dollar Change | Percent Change |
|----------------------------|------------|------------|------------------|-------------------|
| Current and other assets | \$ 630,525 | \$ 680,800 | \$ 50,275 | 8% |
| Capital assets | 45,746 | 85,595 | 39,849 | 87% |
| Total assets | 676,271 | 766,395 | 90,124 | 13% |
| Current liabilities | 19,914 | 134,286 | 114,372 | 574% |
| Noncurrent liabilities | 305,807 | 566,381 | 260,574 | 85% |
| Total liabilities | 325,721 | 700,667 | 374,946 | 115% |
| Invested in capital assets | 39,300 | 85,595 | 46,295 | 118% |
| Unrestricted | 311,250 | (19,867) | (331,117) | -106% |
| Total Net Position | \$ 350,550 | \$ 65,728 | \$ (284,822) | -81% |

The Clerk of Court did not have any net position subject to restrictions in the current year.

The Clerk of Court's total revenues for the year in governmental activities were \$2,020,065 (\$2,016,034 in program revenues and \$4,031 in general revenues). This is a decrease of less than 1% from the prior year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, St. Charles Clerk of Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Looking at funds helps you consider whether the Clerk of Court is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The focus of the Clerk of Court's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Clerk of Court's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Clerk of Court's governmental funds reported combined ending fund balances of \$546,514, a decrease of \$36,128 in comparison with the prior year. The total combined governmental fund balance at year end was considered to be an *unassigned*.

The General Fund is the primary fund of the Clerk of Court and accounts for all of the Clerk of Court's governmental activities. As a measure of the General Fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. Unassigned fund balance represents 27% of total General Fund expenditures compared to 31% in the prior year.

BUDGETARY HIGHLIGHTS

The Clerk of Court's budget is prepared according to Louisiana law. During the course of the year, the Clerk of Court revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less, or anticipated expenditures in excess, of budgetary goals by 5% or more. The original budget for the Clerk of Court was adopted in June 2012 and the final revised budget was adopted in December 2013.

A statement reporting the Clerk of Court's original and final budget compared with actual operating results is provided in the Schedule beginning on page 30.

A comparison of actual results as of June 30, 2013 and the original budget for the General Fund are as follows:

| | <u>Original Budget</u> | <u>Actual</u> | <u>Difference</u> |
|----------------------------|----------------------------|--------------------|---------------------|
| Total revenues | \$ 2,002,700 | \$ 2,020,065 | \$ 17,365 |
| Total expenditures | <u>1,889,258</u> | <u>2,056,193</u> | <u>(166,935)</u> |
| Net change in fund balance | <u>\$ 113,442</u> | <u>\$ (36,128)</u> | <u>\$ (149,570)</u> |

Significant variations between the original budget and the final amended budget for the General Fund are as follows:

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Difference</u> |
|----------------------------|----------------------------|-------------------------|---------------------|
| Total revenues | \$ 2,002,700 | \$ 2,020,000 | \$ 17,300 |
| Total expenditures | <u>1,889,258</u> | <u>2,056,300</u> | <u>(167,042)</u> |
| Net change in fund balance | <u>\$ 113,442</u> | <u>\$ (36,300)</u> | <u>\$ (149,742)</u> |

Total expenses in the final amended budget were higher than the original budget due to higher than anticipated expenses, particularly in regard to capital outlay expense.

CAPITAL ASSETS

Capital assets include office furniture, equipment, and automobiles recorded at a historical cost of \$887,373. Accumulated depreciation as of June 30, 2013 of \$801,778 recorded from the cost of assets resulted in an ending book balance of \$85,595.

This year there was \$62,204 in additions and \$32,515 in deletions recorded to capital assets. Depreciation expense of \$22,355 was recorded for the year. More detailed information about the capital assets is presented in Note 4 to the financial statements.

ECONOMIC AND OTHER FACTORS BEARING ON THE CLERK'S FUTURE

Historically, the Clerk of Court's office staff and costs remain relatively stable and should continue to do so. The Clerk's office anticipates a similar amount of program revenues in the following year, which would lead to a similar change in fund balance next year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances and to show the accountability for the funds received. If you have questions about this report or need additional information, contact:

Honorable Lance Marino
St. Charles Clerk of Court
P.O. Box 424
Hahnville, Louisiana 70057
985-783-6632

BASIC FINANCIAL STATEMENTS

ST. CHARLES PARISH CLERK OF COURT
STATEMENT OF NET POSITION
June 30, 2013

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 409,355 |
| Certificates of deposit | 225,000 |
| Receivables, net of allowances for uncollectibles | 44,357 |
| Due from other governments | 1,401 |
| Due from other funds | 687 |
| Capital assets being depreciated, net | 85,595 |
| TOTAL ASSETS | <u><u>766,395</u></u> |
| LIABILITIES | |
| Accounts payable and other current liabilities | 134,141 |
| Deferred revenue | 145 |
| Long term liabilities: | |
| Due in one year | 9,234 |
| Due in more than one year | 557,147 |
| TOTAL LIABILITIES | <u><u>700,667</u></u> |
| NET POSITION | |
| Invested in capital assets | 85,595 |
| Unrestricted deficit | <u>(19,867)</u> |
| TOTAL NET POSITION | <u><u>\$ 65,728</u></u> |

The accompanying notes are an integral part of this statement.

ST. CHARLES PARISH CLERK OF COURT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

| Function/Programs | Expenses | Program Revenues Charges for Services | Net (Expense) Revenue and Change in Net Position |
|----------------------------------|--------------|--|--|
| | | | Governmental Activities |
| Governmental Activities | | | |
| General government | \$ 2,304,887 | \$ 2,016,034 | \$ (288,853) |
| | | | |
| General Revenues: | | | |
| Interest and investment earnings | | | 4,031 |
| Change in net position | | | (284,822) |
| Net Position - Beginning of Year | | | 350,550 |
| Net Position - End of Year | | | \$ 65,728 |

The accompanying notes are an integral part of this statement.

**ST. CHARLES PARISH CLERK OF COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

| | <u>General Fund</u> |
|--|--------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 409,355 |
| Certificates of deposit | 225,000 |
| Accounts Receivable | 44,357 |
| Prepays | 1,401 |
| Due from other funds | <u>687</u> |
| TOTAL ASSETS | <u>\$ 680,800</u> |
| LIABILITIES AND FUND BALANCES | |
| Liabilities: | |
| Accounts payable | \$ 134,141 |
| Deferred revenue | <u>145</u> |
| Total Liabilities | <u>134,286</u> |
| Fund balances: | |
| Unassigned | 545,113 |
| Nonspendable | <u>1,401</u> |
| Total fund balances | <u>546,514</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 680,800</u> |

The accompanying notes are an integral part of this statement.

ST. CHARLES PARISH CLERK OF COURT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2013

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

| | |
|--|------------------|
| Fund Balances, Total Governmental Funds | \$ 546,514 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 85,595 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: | |
| Compensated absences | (71,369) |
| OPEB liability | <u>(495,012)</u> |
| Net Assets of Governmental Activities | <u>\$ 65,728</u> |

The accompanying notes are an integral part of this statement.

**ST. CHARLES PARISH CLERK OF COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

REVENUES

Fees, charges and commissions:

| | |
|-------------------------------|--------------|
| Court costs, fees and charges | \$ 1,199,494 |
| Recording legal documents | 615,597 |
| Certified copies | 195,303 |
| Other income | 5,640 |
| Interest | 4,031 |

| | |
|----------------|-----------|
| Total revenues | 2,020,065 |
|----------------|-----------|

EXPENDITURES

Current:

 General government:

| | |
|---|-----------|
| Personnel salaries and related benefits | 1,692,104 |
| Operating services | 166,455 |
| Materials and supplies | 132,662 |
| Miscellaneous | 2,768 |
| Capital outlay | 62,204 |
| Total expenditures | 2,056,193 |

| | |
|-----------------------------|----------|
| Net Change in Fund Balances | (36,128) |
|-----------------------------|----------|

| | |
|-----------------------------------|---------|
| Fund balances - beginning of year | 582,642 |
|-----------------------------------|---------|

| | |
|-----------------------------|------------|
| Fund balances - end of year | \$ 546,514 |
|-----------------------------|------------|

The accompanying notes are an integral part of this statement.

**ST. CHARLES PARISH CLERK OF COURT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

Amounts reported for governmental activities in the Statement of Activities are different because:

| | |
|--|---------------------|
| Net Change in Fund Balances, Total Governmental Funds | \$ (36,128) |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital outlay | 62,204 |
| Depreciation expense | (22,355) |
| Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position: | |
| Capital lease payments | 6,446 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | |
| Increase in compensated absences, net | (40,177) |
| Increase in OPEB obligation | (254,812) |
| Change in Net Position of Governmental Activities | <u>\$ (284,822)</u> |

The accompanying notes are an integral part of this statement.

**ST. CHARLES PARISH CLERK OF COURT
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2013**

| | <u>Agency Funds</u> |
|-----------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 4,775,382 |
| Certificates of deposit | 570,000 |
| Accounts receivable | <u>491</u> |
| Total assets | <u><u>\$ 5,345,873</u></u> |
| LIABILITIES | |
| Due to litigants and others | \$ 5,345,186 |
| Due to General Fund | <u>687</u> |
| Total liabilities | <u><u>\$ 5,345,873</u></u> |

The accompanying notes are an integral part of this statement.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of St. Charles Parish Clerk of Court (the "Clerk of Court") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Clerk of Court's accounting policies are described below.

A. REPORTING ENTITY

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, a Clerk of Court serves as the ex-officio notary public, the recorder of conveyances, mortgages and other acts, and shall have other duties and powers provided by law. A Clerk of Court is elected for a term of four years.

These financial statements only include funds and activities that are controlled by the Clerk of Court as an independently elected parish official.

As an independently elected official, the Clerk of Court is solely responsible for the operations of their office, which includes the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Certain units of local government over which the Clerk of Court exercises no oversight responsibility, such as the St. Charles Parish (the "Parish") School Board, other independently elected officials, and municipalities within the Parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the Clerk of Court.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Clerk of Court. The effect of interfund activity has been removed from these statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Governmental Funds:

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk of Court and is used to account for the operations of the Clerk of Court's office. The various fees and charges due to the Clerk of Court's office are accounted for in this fund. General operating expenditures are paid from this fund.

Fiduciary Funds:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the Clerk of Court. The funds accounted for in this category by the Clerk of Court are the agency funds. The agency funds are as follows:

Advance Deposit Fund - accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund - accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Clerk of Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required by accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. BUDGETARY ACCOUNTING

A proposed budget is prepared and submitted to the Clerk of Court for the fiscal year no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted. All budgetary appropriations lapse at the end of each fiscal year.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court.

E. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Net Position, cash includes all demand, savings accounts, and certificates of deposit with less than three months of maturity of the Clerk of Court.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. CAPITAL ASSETS

Capital assets, which include furniture, fixtures, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$2,000 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the accompanying Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|-----------------------------------|------------|
| Office Equipment | 5-7 years |
| Furniture, fixtures and equipment | 7-10 years |
| Automobiles | 5 years |

G. COMPENSATED ABSENCES

The Clerk of Court accrues accumulated personal leave and associated employee related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Employees of the Clerk of Court's office are granted from 16 to 30 days of personal leave each calendar year, depending on their length of service. Any "comp-time" earned due to employees working overtime is added to the personal leave time. At resignation or retirement, employees receive one day's pay for every two days of personal leave earned.

H. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. EQUITY CLASSIFICATIONS (CONTINUED)

- b. Restricted net position - consists of net positions with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation. Restricted for other purposes on the Statement of Net Position consist of grant related cash and workers compensation investments.
- c. Unrestricted net position - all other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

I. FUND BALANCE

Effective July 1, 2011, the Clerk of Court implemented the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balance for the Clerk of Court's governmental funds is reported depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority.
- d. Assigned - amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- e. Unassigned - amounts that are available for any purpose; these amounts can be reported only in the Clerk of Court's General Fund.

J. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions including allowance for bad debts. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

L. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 16, 2013, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CERTIFICATES OF DEPOSIT

At June 30, 2013, the Clerk of Court had the following cash and certificates of deposit as follows:

| | |
|--------------------|---------------------|
| Governmental Funds | \$ 634,355 |
| Fiduciary Funds | <u>5,345,382</u> |
| Total | <u>\$ 5,979,737</u> |

Under State law, the bank balances of these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. At year-end, the bank balance was fully secured both the amount insured by the FDIC or collateralized with securities held by the Clerk of Court's agent in the Clerk's name.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name.

The Clerk of Court does not have an investment policy for custodial credit risk. However, the Clerk of Court does not maintain any investments and is, therefore, not exposed to custodial credit risk.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 2 – CASH, CERTIFICATES OF DEPOSIT, AND INVESTMENTS (CONTINUED)

Credit Risk of Debt Investments

The Clerk of Court does not maintain any debt investments and is, therefore, not exposed to credit risk of debt investments.

Concentration of Credit Risk

The Clerk of Court does not maintain any investments and is, therefore, not exposed to concentration of credit risk.

Interest Rate Risk

The Clerk of Court does not maintain any investments and is, therefore, not exposed to interest rate risk.

NOTE 3 – RECEIVABLES

The accounts receivable in the governmental fund of \$44,357 consists of amounts due from attorneys for recording court fees and expenses related to cases in progress, and from abstractors for certified copies.

NOTE 4 - CAPITAL ASSETS

A summary of changes in governmental fund type fixed assets for the year ended June 30, 2013 is as follows:

| | Balance 6/30/12 | Additions | Disposals | Balance 6/30/13 |
|----------------------------------|--------------------|------------------|-------------|--------------------|
| Furniture, Fixtures, & Equipment | \$ 263,944 | \$ - | \$(18,087) | \$ 245,857 |
| Office Equipment | 566,958 | 62,204 | (14,428) | 614,734 |
| Automobiles | 26,782 | - | | 26,782 |
| Less: Accumulated depreciation | (811,938) | (22,355) | 32,515 | (801,778) |
| Net capital assets | <u>\$ 45,746</u> | <u>\$ 39,849</u> | <u>\$ -</u> | <u>\$ 85,595</u> |

Depreciation expense of \$22,355 was charged to the general government function.

NOTE 5 – PENSION PLAN

Substantially all employees of the Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief fund (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. Contributions of participating clerks are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 5 – PENSION PLAN (CONTINUED)

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are enrolled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by State statute.

The Clerk of Court Retirement and Relief Fund issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Clerk of Court Retirement and Relief Fund at 11745 Bricksome Ave., Suite B-1, Baton Rouge, Louisiana 70816.

Funding Policy - Plan members are required by State statute to contribute 8.25% of their annual covered salary and the Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 17.25% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Clerk of Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Clerk of Court pays both employee and employer pension contributions. The Clerk of Court's contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$260,876, \$260,151, and \$271,146, respectively, equal to the required contributions for each year.

NOTE 6 – POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION

Effective with the fiscal year beginning July 1, 2009, the Clerk of Court implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (GASB 45). The requirements of GASB 45 are being implemented prospectively. Accordingly, for financial reporting purposes, no liability is reported for postemployment benefits liability at the date of transition.

Plan Description. The Clerk of Court's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Employees are covered by the Louisiana Clerks' of Court Retirement and Relief Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: completion of 25 years of service at any age; or, attainment of age 55 and completion of 12 years of service. Based on

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 6 – POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION
(CONTINUED)

historical experience, most employees wait until 25 years of service or until age 60 to enter D.R.O.P. Complete plan provisions are included in the official plan documents.

Dental insurance coverage is provided to retirees and the dental portion is included with the medical insurance in this valuation. The employer pays 100% of the cost of the dental insurance for the retirees and 50% for dependents. We have used the unblended rates provided and included the dental premiums in the medical portion of the valuation. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trend was used for dental insurance.

Life insurance coverage is provided to retirees. The amount of insurance coverage, while active, is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 70. The employer pays 100% of the cost of the retiree life insurance, but the cost is based on modified blended active/retired rates based on five-year age groups. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates by individual age so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates. Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until 2009, the Clerk of Court recognized the cost of providing post-employment medical and life insurance benefits (the Clerk of Court's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2013 and 2012, the Clerk of Court's portion of health care and life insurance funding cost for retired employees totaled \$37,644 and \$14,636, respectively.

Effective July 1, 2009, the Clerk of Court implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. The Clerk of Court's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 6 – POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION
(CONTINUED)

| | 2013 |
|------------------------------------|-------------------|
| Normal cost | \$ 127,550 |
| 30-year UAL amortization amount | 169,189 |
| Annual required contribution (ARC) | <u>\$ 296,739</u> |

Net Post-employment Benefit Obligation (Asset). The table below shows the Clerk of Court's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

| | 2013 | 2012 |
|-----------------------------------|-------------------|-------------------|
| Beginning Net OPEB Obligation | \$ 240,200 | \$ 166,124 |
| Annual required contribution | 296,739 | 88,712 |
| Interest on Net OPEB Obligation | 9,608 | 0 |
| ARC Adjustment | <u>(13,891)</u> | <u>(0)</u> |
| OPEB Cost | 292,456 | 88,712 |
| Contribution to Irrevocable Trust | - | - |
| Current year retiree premium | <u>(37,644)</u> | <u>(14,636)</u> |
| Change in Net OPEB Obligation | 254,812 | 74,076 |
| Ending Net OPEB Obligation | <u>\$ 495,012</u> | <u>\$ 240,200</u> |

The following table shows the Clerk of Court's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual Cost Contributed | Net OPEB Liability (Asset) |
|-------------------|---------------------|---|----------------------------------|
| June 30, 2013 | \$ 292,456 | 12.87% | \$ 495,012 |
| June 30, 2012 | \$ 88,712 | 16.50% | \$ 240,200 |

Funded Status and Funding Progress. In 2013 and 2012, the Clerk of Court made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2012 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2013 was \$3,042,656 which is defined as that portion, as determined by a particular actuarial cost method (the Clerk of Court uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 6 – POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION
(CONTINUED)

| | 2013 | 2012 |
|---|------------------|----------------|
| Actuarial Accrued Liability (AAL) | \$ 3,042,656 | \$ 1,329,993 |
| Actuarial Value of Plan Assets (AVP) | - | - |
| Unfunded Act. Accrued Liability (UAAL) | \$ 3,042,656 | \$ 1,329,993 |
| Funded Ratio (AVP/AAL) | 0.00% | 0.00% |
| Covered Payroll (active plan members) | \$ 1,078,679 | \$ 836,490 |
| UAAL as a percentage of covered payroll | 282.07% | 159.00% |

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Clerk of Court and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Clerk of Court and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Clerk of Court and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 3%.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

**NOTE 6 – POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION
(CONTINUED)**

Post-employment Benefit Plan Eligibility Requirements. Based on past experience, it has been assumed that entitlement to benefits will commence three years after they have been assumed to enter the D.R.O.P., as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical and dental for the retirees and 50% for dependents. Since blended rates (active and retired) were provided before Medicare eligibility, the unblended rates were estimated and were used pursuant to GASB 45's mandate. It was estimated that the pre-Medicare retiree rates were 130% of the blended rate. The post-Medicare rates provided were unblended and used as is.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 6 – POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION
(CONTINUED)

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years:

| OPEB Costs and Contributions | | | | | |
|--|-------------|---------------|-------------|---------------|-------------------|
| | <u>2011</u> | | <u>2012</u> | | <u>2013</u> |
| OPEB Cost | \$ | 88,712 | \$ | 88,712 | \$ 292,456 |
| Contribution | | - | | - | - |
| Retiree premium | | <u>5,922</u> | | <u>14,636</u> | <u>37,644</u> |
| Total contribution and premium | | <u>5,922</u> | | <u>14,636</u> | <u>37,644</u> |
| Change in net OPEB obligation | \$ | <u>82,790</u> | \$ | <u>74,076</u> | \$ <u>254,812</u> |
| % of contribution to cost | | 0.00% | | 0.00% | 0.00% |
| % of contribution plus premium to cost | | 6.68% | | 16.50% | 12.87% |

NOTE 7 – CHANGES IN COMPENSATED ABSENCES

The following is a summary of compensated absences of the Clerk of Court for the year ending June 30, 2013:

| | <u>Balance</u> <u>6/30/12</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>6/30/13</u> |
|----------------------|----------------------------------|------------------|-------------------|----------------------------------|
| Compensated absences | <u>\$ 31,192</u> | <u>\$ 40,177</u> | <u>\$ -</u> | <u>\$ 71,369</u> |

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 8 – CHANGES IN FUND BALANCES

Governmental funds:

The following table shows the changes in governmental fund balances for the year:

| | <u>Balance 6/30/12</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 6/30/13</u> |
|--------------|----------------------------|------------------|-------------------|----------------------------|
| General Fund | \$ 582,642 | \$2,020,065 | \$ (2,056,193) | \$ 546,514 |

Agency funds:

The following table shows the changes in agency fund unsettled deposits for the year:

| | <u>Balance 6/30/12</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 6/30/13</u> |
|-------------------|----------------------------|-------------------|---------------------|----------------------------|
| Advance Deposit | \$1,262,084 | \$ 970,637 | \$ (733,664) | \$ 1,499,057 |
| Registry of Court | <u>3,964,832</u> | <u>1,939</u> | <u>(119,955)</u> | <u>3,846,816</u> |
| Total | <u>\$5,226,916</u> | <u>\$ 972,576</u> | <u>\$ (853,619)</u> | <u>\$ 5,345,873</u> |

NOTE 9 – DEFERRED COMPENSATION PLAN

Starting in October 1999, the Clerk of Court employees had the option of becoming participants in the State of Louisiana Deferred Compensation Plan. This Plan was established pursuant to IRC Section 457 and Louisiana R.S. 42:1301-1308. The Plan provides state, parish, and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal or state income tax on their contributions. In addition, interest or earnings on the participant's account accumulate tax-deferred.

Participants can contribute up to a maximum of 100% of compensation, not to exceed \$17,000 beginning in the 2012 calendar year. Additionally, if age 50 or older, participants may elect the Age 50+ provision to defer an additional \$5,500 beginning in 2012 above the annual deferral limit.

The Clerk of Court agreed to match each participant's contribution up to a maximum of 6% for the year ending June 30, 2013. Total contributions made by the Clerk of Court on behalf of the employees for the year ending June 30, 2013 were \$50,841. Withdrawals from the plan occur at retirement, separation from service, death, or proven financial hardship (unforeseeable emergency as defined by the Plan).

ST. CHARLES PARISH CLERK OF COURT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 10 – INTERFUND ASSETS/LIABILITIES

The balances due to/from individual funds are as follows

| | <u>Balance 6/30/13</u> |
|-----------------------------|----------------------------|
| <i>General Fund</i> | |
| Due from other funds | \$ 687 |
| <i>Advance Deposit Fund</i> | |
| Due to General Fund | 687 |

NOTE 11 – EXPENDITURES PAID BY ST. CHARLES PARISH COUNCIL

The Clerk of Court's office is located in the Parish courthouse. The expenditures for maintenance and operation of the Parish courthouse are paid by St. Charles Parish Council and are not included in the accompanying financial statements. The amount of these expenditures paid by the Parish Council is indeterminate.

NOTE 12 – NEW ACCOUNTING STANDARD

In June 2012, the Governmental Accounting Standards Board ("GASB") issued Statement No. 67, *Accounting and Financial Reporting for Pensions*. GASB No. 67 establishes standards for measuring and recognizing liabilities associated with pension plans of employer governments. This accounting standard is effective for the Clerk of Court's financial statements for the year ended June 30, 2014. The Clerk of Court has not yet determined the impact that the adoption of GASB No. 67 will have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CHARLES PARISH CLERK OF COURT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
For the Year Ended June 30, 2013

| | <u>Budgetary Amounts</u> | | <u>Actual on</u> | <u>Variance with</u> |
|---|--------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Amended</u> | <u>Budgetary</u> | <u>Final Budget</u> |
| | | | <u>Basis</u> | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues | | | | |
| Fees, charges and commissions: | | | | |
| Court costs, fees and charges | \$ 1,238,600 | \$1,199,500 | \$1,199,494 | \$ (6) |
| Fees for recording legal documents | 565,000 | 615,600 | 615,597 | (3) |
| Fees for certified copies | 177,600 | 195,300 | 195,303 | 3 |
| Other Income | 17,000 | 5,600 | 5,640 | 40 |
| Interest | 4,500 | 4,000 | 4,031 | 31 |
| Total Revenues | <u>2,002,700</u> | <u>2,020,000</u> | <u>2,020,065</u> | <u>65</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Personnel services and related benefit | 1,649,390 | 1,692,100 | 1,692,104 | 4 |
| Operating services | 73,506 | 166,600 | 166,455 | (145) |
| Materials and supplies | 160,000 | 132,700 | 132,662 | (38) |
| Miscellaneous | 362 | 2,700 | 2,768 | 68 |
| Capital outlay | 6,000 | 62,200 | 62,204 | 4 |
| Total Expenditures | <u>1,889,258</u> | <u>2,056,300</u> | <u>2,056,193</u> | <u>(107)</u> |
| Net Change in Fund Balance | 113,442 | (36,300) | (36,128) | 172 |
| Fund Balances, Beginning of Year | <u>492,578</u> | <u>582,642</u> | <u>582,642</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ 606,020</u> | <u>\$ 546,342</u> | <u>\$ 546,514</u> | <u>\$ 172</u> |

The accompanying note is an integral part of this schedule.

ST. CHARLES PARISH CLERK OF COURT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Budgets for the General Fund are adopted on the modified accrual basis of accounting. Therefore, generally accepted accounting principles serves as the budgetary basis of accounting.

**ST. CHARLES PARISH CLERK OF COURT
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
For the Year Ended June 30, 2013**

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability Entry Age</u> | <u>Unfunded AAL</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as Percentage Covered Payroll</u> |
|---|--|--|-------------------------|-------------------------|----------------------------|---|
| 6/30/2009 | - | \$ 1,329,993 | \$ 1,329,993 | - % | \$ 836,490 | 159.0% |
| 6/30/2013 | - | 3,042,656 | 3,042,656 | - % | 1,078,679 | 282.1% |

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Lance Marino
St. Charles Parish Clerk of Court
Hahnville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the St. Charles Parish Clerk of Court (the "Clerk of Court"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements and have issued our report thereon dated December 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk of Court's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk of Court's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk of Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk of Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, LLC

December 16, 2013
Metairie, Louisiana

ST. CHARLES PARISH CLERK OF COURT
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended June 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the St. Charles Parish Clerk of Court (the "Clerk of Court").
2. No material weakness in internal control over financial reporting is reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Clerk of Court, which is required to be reported in accordance with *Governmental Auditing Standards*, was disclosed during the audit.
4. A management letter was not issued for the year ended June 30, 2013.

B. FINDINGS

INTERNAL CONTROL

None

COMPLIANCE

None

**ST. CHARLES PARISH CLERK OF COURT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2013**

INTERNAL CONTROL

None

COMPLIANCE

None